

Sample Qualified Contract Notification Letter

Date

Phil Hagelberger
Minnesota Housing Finance Agency
400 Sibley St., Suite 300
St. Paul, Minnesota 55101

Re: Development Name
Development # D____
Development Address
Development City

On behalf of [Development Owner], we hereby request that the Agency present a “qualified contract” for the purchase of [Development Name]. This request is made pursuant to Section 42(h)(6)(E)(i)(II) of the Internal Revenue Code. We understand the Agency will have one year from its approval of this letter and all of the accompanying information and other information as requested, to present a “qualified contract” for the purchase of the Development. *Owner hereby elects to extend the one-year period for an additional __months.*

We have enclosed with this request the following documents and information required by the Agency:

1. A fully completed “Calculation of Qualified Contract” Price, including Worksheets A – E. This form was completed, or reviewed and approved, by the accountant’s for the Development, [Accountant’s Name];
2. A thorough narrative description of the Development, including all amenities, suitable for familiarizing prospective purchasers with the Development.
3. A description of all income, rental and other restrictions, if any, applicable to the operation of the Development;
4. A detailed set of photographs of the Development, including the interior and exterior of representative apartment units and buildings, and the Development grounds. We have included digital photographs so that they may be easily displayed on the Agency’s website;
5. A copy of the most recent 12 months of operating statements for the Development which will fairly apprise a potential purchaser of the Development’s operating expenses, debt service, gross receipts, net cash flow

and debt service coverage ratio. [The previous three years' audited financial statements are also included.]

6. A current rent roll;
7. All tax returns representing the history of the partnership;
8. A copy of the development Limited Partnership Agreement;
9. Disclosure of Right of First Refusal, if any;
10. If any portion of the land or improvements are leased, copies of the leases.
11. A physical needs assessment; and
12. Copies of the documents and other information that were used to prepare the enclosed calculation of Qualified Contract Price, as represented in Worksheets A-E.

We understand that the above information may be shared with prospective purchasers, real estate brokers and agents of the Agency, and *summary data* may be posted on the Agency's website.

We will reasonably cooperate with the Agency and its agents with respect to the Agency's efforts to present a qualified contract for the purchase of the Development, and will do all things necessary to keep the property in compliance so that a compliant property will be delivered. In this regard, we understand that prior to the presentation of a qualified contract, we may need to share Development "due diligence" with the Agency and with prospective purchasers, including but not limited to, additional rent rolls, Development tax returns, income certifications and other Section 42 compliance records, records with respect to repair and maintenance of the Development, operating expenses and debt service. Provided, before information is shared with a prospective purchaser, we may require that it enter into a commercially reasonable form of nondisclosure agreement. We will also share with the Agency, at its request, the documents and other information that were used to prepare the enclosed Calculation of Qualified Contract Price, including Worksheets A – E. We also agree to allow the Agency, its agents, and prospective purchasers, upon reasonable prior written notice, to visit and inspect the Project, including representative apartment units.

We acknowledge that-

1. We have conducted our own investigation and due diligence with respect to the Calculation of the Qualified Contract Price and the Qualified Contract procedure set forth in Section 42(h)(6)(F) of the Internal Revenue Code;
2. We are solely responsible for documents and information provided to the Agency with this notification letter, including the Calculation of Qualified Contract Price form and the exhibits thereto, and any other documents or Development information that we may provide to the Agency and/or share with prospective purchasers at a later time.

3. To our knowledge, the Development Sales information is truthful, accurate and complete and contains no misstatements or misleading information.
4. Neither the Agency nor any of its employees or agents have made any independent investigation or review of the accuracy, truthfulness or completeness of the Development Sales Information; and
5. By submission of this notification letter, we agree to indemnify, defend, and hold the Agency harmless with respect to the Agency's use of the Development Sales Information; and

We agree that the Agency and its employees and agents shall have no liability to us with respect to the Calculation of the Qualified Contract Price or any other act, omission, or determination by the Agency with respect to marketing the Development or carrying out its responsibilities under Section 42(h) (6) (F) of the Code, so long as the Agency is acting in good faith.

We also understand that if the Agency finds a prospective purchaser willing to present an offer to purchase the Development for an amount equal to or greater than the "qualified contract" price, we agree to enter into a commercially reasonable form of earnest money agreement or other contract of sale for the Development which will allow prospective purchaser a reasonable period of time to undertake additional, customary due diligence prior to closing the purchase.

Very truly yours,

[Development Owner]

Attachments